

**ARGUS CORPORATION LIMITED**

10 TORONTO STREET, TORONTO 1, CANADA

**SEMI-ANNUAL REPORT**

June 21, 1971.

TO THE SHAREHOLDERS OF

**ARGUS CORPORATION LIMITED**

Your directors present the balance sheet as at May 31, 1971, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1971, the indicated net asset value of each of the Company's Class C shares and common shares was \$15.31 per share, compared with \$13.69 per share as at May 31, 1970.

Income from investments during the period amounted to \$3,794,166 compared to \$4,191,746 in the corresponding period last year. Expenses (including interest of \$275,000) were \$421,435, compared to \$446,730 (including interest of \$275,000) for the same period in the previous year. Net income amounted to \$3,367,731, which compared with \$3,739,016 for the six months ended May 31, 1970. The reduction in profit for the period was due to recent dividend omissions on two of your Company's investments which more than offset dividend increases on other shareholdings. These dividend changes are likely, on balance, to further reduce the Company's net income during the second half of the fiscal year.

In addition to the regular dividends on the Company's Class A and Class B Preference Shares, quarterly dividends of 15¢ per share on the Class C and the common shares were paid during the period. Earned surplus amounted to \$36,575,296 at May 31, 1971.

Since November 30, 1970, 2,105 Class A Preference Shares \$2.50 Series and 1,915 Class A Preference Shares \$2.60 Series were purchased and cancelled.

During the period Hollinger Mines Limited increased the annual dividend rate on its common shares from \$1.40 to \$1.60 per share. In March, 1971, Standard Broadcasting Corporation Limited increased the annual dividend rate on its common shares from 24¢ to 28¢ per share, and also paid a 10¢ extra dividend on April 8, 1971. Due to general economic conditions and special factors that affected earnings adversely, Massey-Ferguson Limited and British Columbia Forest Products Limited omitted quarterly dividends, in each case of 25¢ per common share, normally payable on March 15, 1971 and May 1, 1971, respectively.

Following the Annual Meeting of your Company in March, 1971, Mr. E. P. Taylor, c.m.c., the Chairman of the Board and the Company's founder and President from its inception in 1945 until 1969, expressed the desire not to stand for re-election as Chairman. He continues to serve, however, as a member of the Executive Committee. The President of the Company, Mr. John A. McDougald, was also elected Chairman of the Board.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

JOHN A. McDOUGALD,  
*Chairman and President.*

A. BRUCE MATTHEWS,  
*Executive Vice-President.*

# A R G U S      C O R P O R A T I O N      L I M I T E D

## BALANCE SHEET—MAY 31, 1971

*(with comparative figures at May 31, 1970)*

ASSETS	1971	1970
INVESTMENTS IN COMMON SHARES:		
Securities having a quoted market value, at cost.....	\$102,518,442	\$102,518,442
(value based on market quotations as at—		
May 31, 1971—\$168,055,938		
May 31, 1970—\$155,287,275)		
CASH IN BANKS.....	74,856	68,551
SHORT-TERM SECURITIES, at cost plus accrued interest.....	2,538,630	1,889,121
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....	440,500	426,200
OTHER ASSETS.....	139,171	181,051
HEAD OFFICE PREMISES—land, buildings and furnishings, at nominal value....	1	1
	<u>\$105,711,600</u>	<u>\$105,083,366</u>
LIABILITIES		
DIVIDENDS PAYABLE.....	\$ 1,269,527	\$ 1,269,527
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	74,627	70,833
INCOME TAXES PAYABLE.....	827	4,268
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000
CAPITAL AND SURPLUS:		
Capital stock (Notes 1 and 2)—		
Number of shares		
Authorized      Issued		
306,637		
Class A Preference—		
120,815      \$2.50 Series.....	6,040,750	6,210,500
185,822      \$2.60 Series.....	9,291,100	9,460,100
1,000,000		
Class B Preference—		
300,000      Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000	15,000,000
6,770,944      6,770,944      Class C Participating Non-Voting Preference.....	21,644,825	21,644,825
10,000,000      1,692,736      Common.....	5,411,206	5,411,206
	<u>57,387,881</u>	<u>57,726,631</u>
Contributed surplus, realized on purchase for cancellation of Preference Shares		
(including \$67,438 arising during the six months ended May 31, 1971)....	403,442	287,910
Earned surplus.....	36,575,296	35,724,197
	<u>94,366,619</u>	<u>93,738,738</u>
	<u>\$105,711,600</u>	<u>\$105,083,366</u>

### NOTES:

- (1) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.  
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.  
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- (2) During the six months ended May 31, 1971, 2,105 Class A Preference Shares \$2.50 Series and 1,915 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDUGALD, Director

A. BRUCE MATTHEWS, Director



# ARGUS CORPORATION LIMITED

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## BOARD OF DIRECTORS

DAVID G. BAIRD . . . . .	New York City	THOMAS G. MCCORMACK . . . . .	Toronto
*T. N. BEAUPRÉ . . . . .	Montreal	*JOHN A. MCDUGALD . . . . .	Toronto
*GEORGE M. BLACK, JR. . . . .	Toronto	D. A. MCINTOSH, Q.C. . . . .	Toronto
H. J. CARMICHAEL . . . . .	Toronto	ALLEN A. McMARTIN . . . . .	Bermuda
W. C. THORNTON CRAN . . . . .	Toronto	*MAXWELL C. G. MEIGHEN . . . . .	Toronto
*A. L. FAIRLEY, JR. . . . .	Montreal	J. N. SWINDEN . . . . .	Toronto
P. M. FOX . . . . .	Bermuda	*E. P. TAYLOR . . . . .	Bahama Islands
*A. BRUCE MATTHEWS . . . . .	Toronto	ALBERT A. THORNBROUGH . . . . .	Toronto

\*Members of the Executive Committee

## OFFICERS

<i>Chairman of the Board and President</i> . . . . .	JOHN A. MCDUGALD
<i>Executive Vice-President</i> . . . . .	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i> . . . . .	GEORGE M. BLACK, JR.
<i>General Manager</i> . . . . .	J. N. SWINDEN
<i>Secretary</i> . . . . .	H. H. EDMISON
<i>Treasurer</i> . . . . .	J. R. WRIGHT, C.A.

# A R G U S     C O R P O R A T I O N     L I M I T E D

## STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1971 *(with comparative figures for the six months ended May 31, 1970)*

	1971	1970
Balance at beginning of period.....	\$36,546,590	\$35,332,371
Net income for the period.....	3,367,731	3,739,016
	<u>39,914,321</u>	<u>39,071,387</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	152,247	156,031
Class A Preference Shares \$2.60 Series.....	242,719	247,100
Class B Preference Shares 1962 Series.....	405,005	405,005
Class C Participating Preference Shares.....	2,031,243	2,031,243
Common Shares.....	507,811	507,811
	<u>3,339,025</u>	<u>3,347,190</u>
Balance at end of period.....	<u>\$36,575,296</u>	<u>\$35,724,197</u>

## STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1971 *(with comparative figures for the six months ended May 31, 1970)*

	1971	1970
Income:		
Dividends received.....	\$ 3,725,619	\$ 4,140,622
Interest earned.....	68,547	51,124
	<u>3,794,166</u>	<u>4,191,746</u>
Expenses:		
Salaries of officers and employees.....	53,053	76,190
Directors' fees.....	4,500	4,500
Transfer agents' and registrars' fees and expenses.....	25,181	25,764
General office and administrative expenses.....	63,701	65,276
Interest on Secured Notes.....	275,000	275,000
	<u>421,435</u>	<u>446,730</u>
Income from operations.....	3,372,731	3,745,016
Income taxes.....	5,000	6,000
Net income for the period.....	<u>\$ 3,367,731</u>	<u>\$ 3,739,016</u>

### A U D I T O R S '   R E P O R T

To the Directors of  
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1971 and the statements of earned surplus, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at May 31, 1971 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 8, 1971

PRICE WATERHOUSE & Co.  
Chartered Accountants

# A R G U S     C O R P O R A T I O N     L I M I T E D

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1971

*(with comparative figures for the six months ended May 31, 1970)*

	1971	1970
Cash in banks and short-term securities at beginning of period . . . . .	\$ 2,723,940	\$ 1,647,351
Source of funds:		
Net income for the period . . . . .	3,367,731	3,739,016
Other . . . . .	—	14,227
	<u>\$ 6,091,671</u>	<u>\$ 5,400,594</u>
Application of funds:		
Dividends paid . . . . .	\$ 3,339,025	\$ 3,347,190
Purchase for cancellation of Class A Preference Shares . . . . .	133,562	95,732
Other . . . . .	5,598	—
	<u>3,478,185</u>	<u>3,442,922</u>
Cash in banks and short-term securities at end of period . . . . .	<u>\$ 6,091,671</u>	<u>\$ 5,400,594</u>

## SCHEDULE OF SECURITIES AS AT MAY 31, 1971

*(with comparative figures as at May 31, 1970)*

Company	Class of shares	1971			1970	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited . . . . .	Common	500,000	13.4	\$ 10,062,500	500,000	\$ 12,250,000
Dominion Stores Limited . . . . .	Common	2,000,000	24.8	23,000,000	2,000,000	25,250,000
Domtar Limited . . . . .	Common	2,500,000	16.9	32,187,500	2,500,000	35,000,000
Hollinger Mines Limited . . . . .	Common	1,000,000	20.3	40,000,000	1,000,000	27,250,000
Massey-Ferguson Limited . . . . .	Common	2,850,000	15.7	29,212,500	2,850,000	31,350,000
Standard Broadcasting Corporation Limited . . . . .	Common	2,687,475	47.9	33,593,438	2,687,475	24,187,275
				<u>\$168,055,938</u>		<u>\$155,287,275</u>

**NOTE:**

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.





**ARGUS CORPORATION LIMITED**

10 TORONTO STREET, TORONTO 1, CANADA

**ANNUAL REPORT**

December 21, 1971.

To THE SHAREHOLDERS OF

**ARGUS CORPORATION LIMITED**

Your directors present the balance sheet as at November 30, 1971, the statement of income and expenses and the statement of source and application of funds for the year ended on that date. Also shown are comparative figures for the previous year.

As at November 30, 1971, the indicated net asset value of each of the Corporation's Class C shares and common shares was \$13.70 per share, compared with \$14.26 per share as at November 30, 1970.

Income from investments during the period amounted to \$6,536,527 compared to \$8,776,643 in the previous year. Expenses (including interest of \$550,000) were \$831,915 compared to \$857,536 (including interest of \$550,000) for the previous year. Net income amounted to \$5,702,012 which compared with \$7,905,007 for the year ended November 30, 1970. Earnings on the Class C and common shares amounted to 48.5¢ per share, compared to 74.3¢ per share in the previous year. Dividends of 60¢ per share were paid on the Class C and the common shares during the year.

The reduction in earnings during the past year was largely due to lower dividend income received from two of your Corporation's investments, British Columbia Forest Products Limited and Massey-Ferguson Limited. These companies have been operating under very difficult conditions, although recent results reflect an encouraging trend.

Earned surplus was reduced by \$972,220 during the year and amounted to \$35,574,370 at November 30, 1971.

During the year 3,495 Class A Preference Shares \$2.50 Series and 2,880 Class A Preference Shares \$2.60 Series were purchased and cancelled.

Recognizing that many Argus shareholders also own shares in one or more of the companies which comprise our major investments and receive annual reports from such companies, and having regard to recent and substantial increases in costs, we propose to discontinue our general mailings of such reports. However, if certain of these releases are of particular interest to you, please advise us and we shall endeavour to arrange for their continued distribution.

The Annual Meeting of the Corporation will be held on March 8, 1972, in the Board Room, National Trust Company, Limited, Toronto, Canada, at 12:00 o'clock noon. A formal notice of meeting, together with form of proxy and information circular will be mailed to each common shareholder in January, 1972. This procedure is necessary in order to comply with the Business Corporations Act, 1970 (Ontario), which requires that the aforementioned documents be mailed to the common shareholders not more than 50 days prior to the date of the annual meeting.

Submitted on behalf of the Board,

JOHN A. McDOUGALD,  
*Chairman and President.*

A. BRUCE MATTHEWS,  
*Executive Vice-President.*



# A R G U S   C O R P O R A T I O N   L I M I T E D

## BALANCE SHEET—NOVEMBER 30, 1971

*(with comparative figures at November 30, 1970)*

ASSETS	1971	1970
INVESTMENTS IN COMMON SHARES:		
Securities having a quoted market value, at cost.....	\$102,518,442	\$102,518,442
(value based on market quotations as at—		
November 30, 1971—\$155,407,516		
November 30, 1970—\$159,304,409)		
CASH IN BANKS.....	87,654	72,057
SHORT-TERM SECURITIES, at cost plus accrued interest.....	1,439,741	2,651,883
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....	445,600	432,500
OTHER ASSETS.....	137,408	140,118
HEAD OFFICE PREMISES—land, building and furnishings, at nominal value....	1	1
	<u>\$104,628,846</u>	<u>\$105,815,001</u>
LIABILITIES		
DIVIDENDS PAYABLE.....	\$ 1,269,529	\$ 1,269,527
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	70,792	73,999
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000
CAPITAL AND SURPLUS:		
Capital stock (Notes 1 and 2)—		
Number of shares		
Authorized		
Issued		
304,282		
119,425		
184,857		
1,000,000		
6,770,944		
10,000,000		
Class A Preference—		
\$2.50 Series.....	5,971,250	6,146,000
\$2.60 Series.....	9,242,850	9,386,850
Class B Preference—		
Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000	15,000,000
Class C Participating Non-Voting Preference.....	21,644,825	21,644,825
Common.....	5,411,206	5,411,206
	<u>57,270,131</u>	<u>57,588,881</u>
Contributed surplus, realized on purchase for cancellation of Preference Shares		
(including \$108,020 arising during the year ended November 30, 1971)....	444,024	336,004
Earned surplus.....	35,574,370	36,546,590
	<u>93,288,525</u>	<u>94,471,475</u>
	<u>\$104,628,846</u>	<u>\$105,815,001</u>

### NOTES:

- (1) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.  
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.  
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- (2) During the year ended November 30, 1971, 3,495 Class A Preference Shares \$2.50 Series and 2,880 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDOUGALD, Director

A. BRUCE MATTHEWS, Director



# ARGUS CORPORATION LIMITED

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## BOARD OF DIRECTORS

DAVID G. BAIRD . . . . .	New York City	THOMAS G. McCORMACK . . . . .	Toronto
*T. N. BEAUPRÉ . . . . .	Montreal	*JOHN A. McDUGALD . . . . .	Toronto
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*A. L. FAIRLEY, JR. . . . .	Montreal	J. N. SWINDEN . . . . .	Toronto
P. M. FOX . . . . .	Bermuda	*E. P. TAYLOR . . . . .	Bahama Islands
*A. BRUCE MATTHEWS . . . . .	Toronto	ALBERT A. THORNBROUGH . . . . .	Toronto

\*Members of the Executive Committee

## OFFICERS

<i>Chairman of the Board and President</i> . . . . .	JOHN A. McDUGALD
<i>Executive Vice-President</i> . . . . .	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i> . . . . .	GEORGE M. BLACK, JR.
<i>General Manager</i> . . . . .	J. N. SWINDEN
<i>Secretary</i> . . . . .	H. H. EDMISON
<i>Treasurer</i> . . . . .	J. R. WRIGHT, C.A.

# A R G U S     C O R P O R A T I O N     L I M I T E D

## STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1971

*(with comparative figures for the year ended November 30, 1970)*

	1971	1970
Balance at beginning of year.....	\$36,546,590	\$35,332,371
Net income for the year.....	5,702,012	7,905,007
	<u>42,248,602</u>	<u>43,237,378</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	302,334	310,637
Class A Preference Shares \$2.60 Series.....	483,777	492,032
Class B Preference Shares 1962 Series.....	810,010	810,010
Class C Participating Preference Shares.....	4,062,489	4,062,487
Common Shares.....	1,015,622	1,015,622
	<u>6,674,232</u>	<u>6,690,788</u>
Balance at end of year.....	<u>\$35,574,370</u>	<u>\$36,546,590</u>

## STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED NOVEMBER 30, 1971

*(with comparative figures for the year ended November 30, 1970)*

	1971	1970
Income:		
Dividends received.....	\$ 6,421,866	\$ 8,658,119
Interest earned.....	114,661	118,524
	<u>6,536,527</u>	<u>8,776,643</u>
Expenses:		
Salaries of officers and employees.....	107,360	129,585
Directors' fees.....	9,000	9,000
Transfer agents' and registrars' fees and expenses.....	50,532	48,440
General office and administrative expenses.....	115,023	120,511
Interest on Secured Notes.....	550,000	550,000
	<u>831,915</u>	<u>857,536</u>
Income from operations.....	5,704,612	7,919,107
Income taxes.....	2,600	14,100
Net income for the year.....	<u>\$ 5,702,012</u>	<u>\$ 7,905,007</u>
Earnings per Class C preference and Common share	<u>48.5¢</u>	<u>74.3¢</u>

### A U D I T O R S '   R E P O R T

To the Shareholders of  
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at November 30, 1971 and the statements of earned surplus, income and expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at November 30, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, December 7, 1971

PRICE WATERHOUSE & Co.  
Chartered Accountants



# A R G U S     C O R P O R A T I O N     L I M I T E D

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED NOVEMBER 30, 1971

*(with comparative figures for the year ended November 30, 1970)*

	1971	1970
Cash in banks and short-term securities at beginning of year . . . . .	\$ 2,723,940	\$ 1,647,351
Source of funds:		
Net income for the year . . . . .	5,702,012	7,905,007
Other . . . . .	—	52,221
	<u>\$ 8,425,952</u>	<u>\$ 9,604,579</u>
Application of funds:		
Dividends paid in the year . . . . .	\$ 6,674,232	\$ 6,690,788
Decrease in income taxes payable . . . . .	—	4,463
Purchase for cancellation of Class A Preference Shares . . . . .	210,730	185,388
Other . . . . .	13,595	—
	<u>6,898,557</u>	<u>6,880,639</u>
Cash in banks and short-term securities at end of year . . . . .	<u>1,527,395</u>	<u>2,723,940</u>
	<u>\$ 8,425,952</u>	<u>\$ 9,604,579</u>

## SCHEDULE OF SECURITIES AS AT NOVEMBER 30, 1971

*(with comparative figures as at November 30, 1970)*

Company	Class of shares	1971			1970	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited . . . . .	Common	500,000	13.4%	\$ 8,000,000	500,000	\$ 11,875,000
Dominion Stores Limited . . . . .	Common	2,000,000	24.7%	28,000,000	2,000,000	17,750,000
Domtar Limited . . . . .	Common	2,500,000	16.9%	25,937,500	2,500,000	36,562,500
Hollinger Mines Limited . . . . .	Common	1,000,000	20.3%	34,125,000	1,000,000	36,500,000
Massey-Ferguson Limited . . . . .	Common	2,850,000	15.7%	27,431,250	2,850,000	26,718,750
Standard Broadcasting Corporation Limited . . . . .	Common	2,687,475	47.9%	31,913,766	2,687,475	29,898,159
				<u>\$155,407,516</u>		<u>\$159,304,409</u>

**NOTE:**

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

